

Village of Menomonee Falls, Wisconsin
COMMITTEE OF THE WHOLE MEETING
MINUTES

Monday, October 16, 2017

Village President, Joseph Helm, called the meeting to order at 7:06 p.m.

Present: Village President Joseph Helm; Trustee Katie Kress; Trustee Randy Van Alstyne; Trustee David Glasgow; Trustee Bonnie Lemmer; Trustee Paul Tadda; Trustee Jeremy Walz

Staff Present: Village Manager Mark Fitzgerald; Village Attorney Michael Morse; Assistant Village Manager/Director of Public Works Arlyn Johnson; Village Clerk /Treasurer Janice Moyer; Director of Financial Services Jason Kaczmarek; Director of Protective Services Anna Ruzinski; Director of Department of Community Development Matt Carran; Director of Information Systems Scott Steinert; Director of Utilities Jeff Nettesheim; Director of Engineering Tom Hoffman; Director of Library Services Karol Kennedy

Presentation of the Proposed 2018 Village Operating Budget by the Village Manager and Staff
Village Manager, Mark Fitzgerald, reviewed the PowerPoint presentation created to explain the overall budget, staffing and 2017 tax levy. Budgets for the following funds were presented:

- General Operating Fund
- Debt Service Fund
- Library Operations and Maintenance Fund
- Solid Waste Collection Fund
- Municipal Facilities and Equipment Fund
- Storm Water Utility
- Water Utility
- Sewer Utility

A question and answer period followed. A majority of the Village Board members agreed to prepare the budget for public hearing and bring it forward for action at the second meeting in November. The members in agreement included Village President Helm, Trustee Glasgow, Trustee Van Alstyne, and Trustee Lemmer.

Adjournment

Motion by Trustee Katie Kress, second by Trustee Bonnie Lemmer to adjourn the meeting.

Vote: 7 - 0 Motion Carried

Committee of the Whole adjourned at 8:47 p.m.

Minutes transcribed by Janice Moyer, Village Clerk/Treasurer
Minutes approved on January 15, 2018



Committee of the Whole

2.

Meeting Date: 10/16/2017

Topic: Presentation of the Proposed 2018 Village Operating Budget

From: Jason Kaczmarek, Director of Financial Services

Department: Financial Services

Presenter: Mark Fitzgerald

Information

Subject:

Presentation of the Proposed 2018 Village Operating Budget by the Village Manager and Staff

Background Information:

Key Issues for Consideration:

Action By Committee or Village Board:

Attachments

Proposed Budget Presentation

VILLAGE OF MENOMONEE FALLS

2018

PROPOSED BUDGET

OVERVIEW

Village Tax Levy Increase

- The Village is allowed by state law to increase tax levy revenue by the increase in value due to new construction.

□ Actual budgeted increase of **2.4%** **\$546,000**

□ Total proposed tax levy **\$23,513,000**

- *Distributed to all needs, General Fund, Library, and Storm Water Utility*

New Construction (Waukesha County)

(in millions)

Rank	Municipality	Equal. Value	New Const.	Percent	Rank	Municipality	Equal. Value	New Const.	Percent
1	Town of Brookfield	1,022	161.0	15.75%	20	Village of Wales	365	9.0	2.47%
2	Village of Menomonee Falls	4,728	113.8	2.41%	21	Town of Waukesha	949	8.2	0.87%
3	City of Brookfield	6,790	99.4	1.46%	22	Village of Oconomowoc Lake	334	8.0	2.40%
4	City of Waukesha	5,877	82.0	1.40%	23	Village of Merton	404	7.0	1.72%
5	City of Pewaukee	2,945	70.1	2.38%	24	Village of North Prairie	225	5.3	2.35%
6	City of Muskego	2,767	50.3	1.82%	25	Village of Big Bend	149	4.8	3.25%
7	Village of Hartland	1,211	45.8	3.79%	26	Town of Vernon	848	4.8	0.57%
8	City of New Berlin	4,957	41.3	0.83%	27	Town of Ottawa	524	4.3	0.82%
9	City of Oconomowoc	2,010	37.9	1.88%	28	Village of Chenequa	464	4.1	0.89%
10	Town of Delafield	1,512	29.0	1.92%	29	Village of Lannon	126	3.7	2.96%
11	Village of Sussex	1,268	26.4	2.08%	30	Town of Eagle	448	3.7	0.82%
12	City of Delafield	1,356	19.1	1.41%	31	Village of Pewaukee	961	3.3	0.34%
13	Town of Lisbon	1,165	17.4	1.49%	32	Town of Mukwonago	850	3.0	0.35%
14	Village of Mukwonago	785	16.2	2.07%	33	Village of Eagle	159	2.8	1.77%
15	Town of Oconomowoc	1,456	12.7	0.87%	34	Village of Butler	252	1.9	0.75%
16	Village of Summit	969	10.5	1.09%	35	Village of Dousman	180	1.0	0.54%
17	Village of Elm Grove	1,112	10.1	0.91%	36	Village of Nashotah	178	0.9	0.53%
18	Town of Merton	1,526	9.3	0.61%	37	Village of Lac La Belle	111	0.7	0.64%
19	Town of Genesee	939	9.0	0.96%					

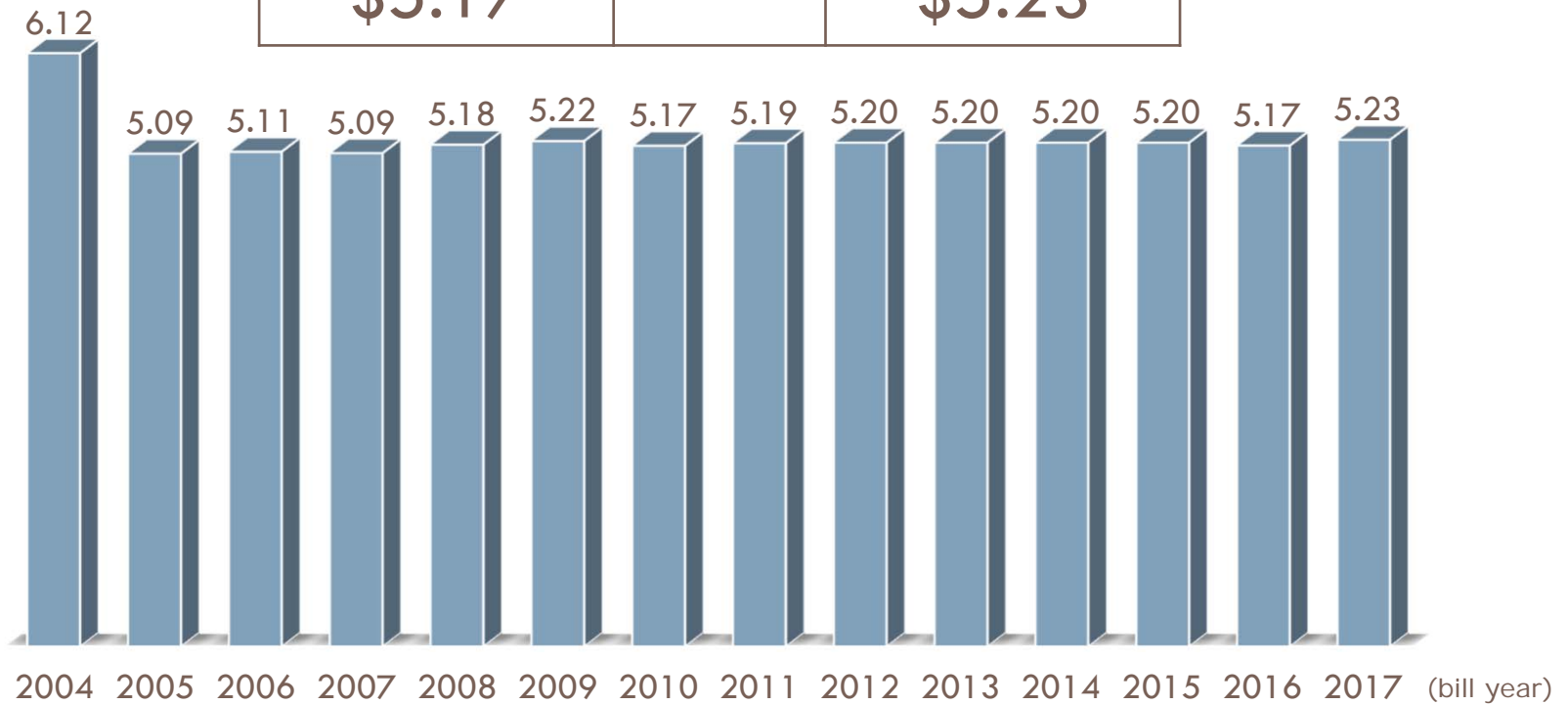
Distribution of Tax Levy

	<u>2016 for 2017</u>	<u>2017 for 2018</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	18,000,000	18,493,000	493,000	2.7%
Debt Service	2,331,000	2,357,000	26,000	1.1%
Library	1,705,000	1,732,000	27,000	1.6%
Storm Water	931,000	931,000	-	-
Totals	<u><u>22,967,000</u></u>	<u><u>23,513,000</u></u>	<u><u>546,000</u></u>	<u><u>2.4%</u></u>

VILLAGE TAX RATE

(PER \$1,000 OF ASSESSED VALUE)

2016	vs	2017
\$5.17		\$5.23



Utilizing the full levy sets the tax rate at \$5.23 (per thousand) for 2017.

Impact of Tax Rate Increase

\$250,000
Assessed Home




Rate Increase
to 5.23

*Per \$1,000 of Assessed Value



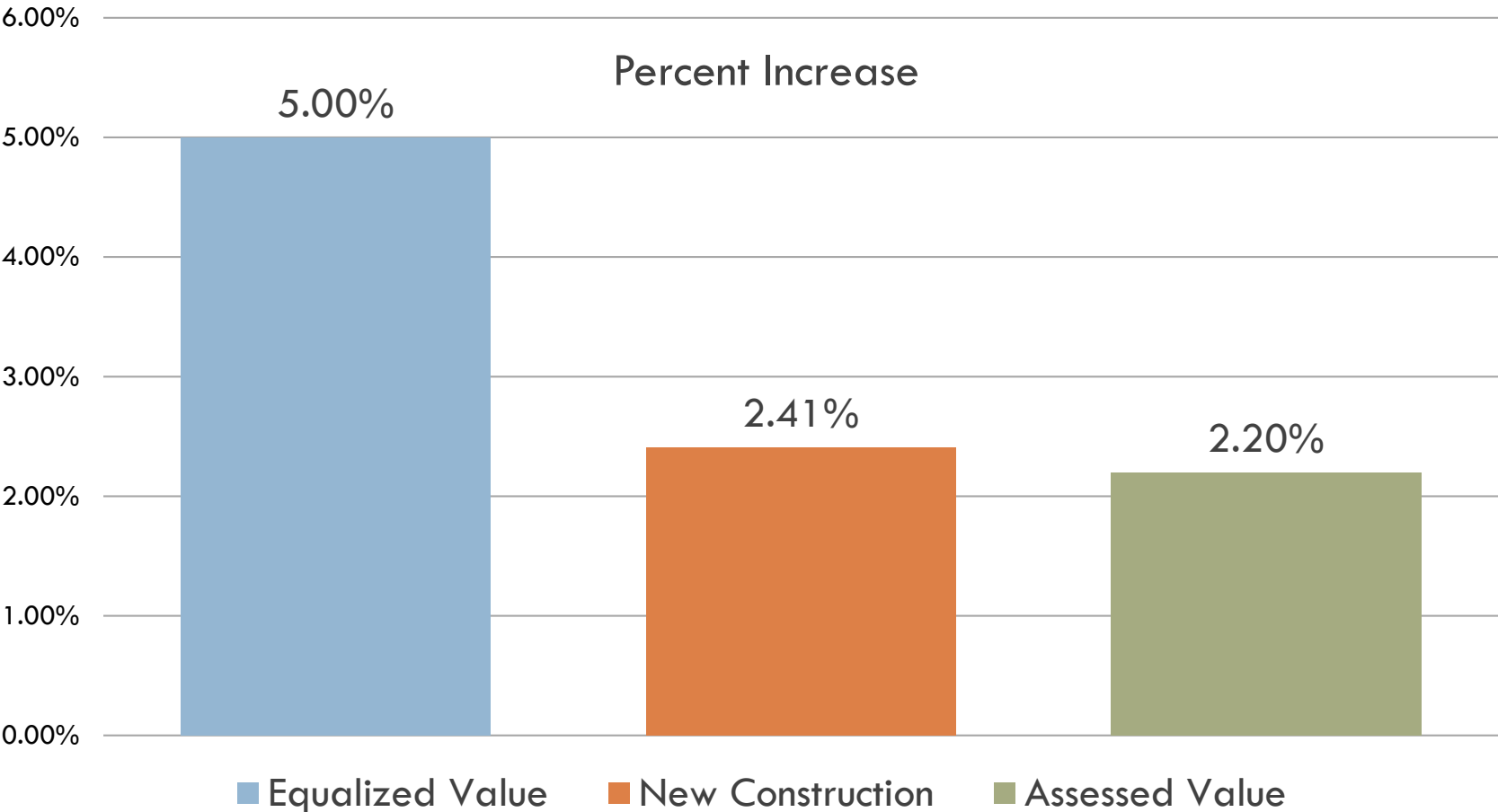
Overall Impact

2017 Tax Rate	5.23
2016 Tax Rate	<u>5.17</u>
 Increase	<u>0.06</u>



Home Value	\$250,000
x Increase	0.06
Total Impact	<u>\$15</u>

New Construction & Effect on Tax Rate



Village Funds

- Each fund is accounted for separately and is self-balancing as if it were its own entity.

- For example; a TID fund is accounted for separately from the General Fund or any other fund for that matter
- Some funds are mandatory (such as the General Fund)
- Others are voluntary (such as the Municipal Facilities & Equipment Fund)

- Certain funds are business-like in nature and are accounted for like a business. The Village has three business-like or “enterprise” funds:

- Water Utility
- Sewer Utility
- Storm Utility

Fund Revenue Source/Use Summary

FUND	EXPENDITURES	MAJOR REVENUE(S)
<u>Governmental Funds</u>		
General Fund	Police, Fire, EMS, Public Works, Development, Admin, (all Gen Gov)	<u>Tax Levy</u> , State Revenues
Solid Waste Collection	Garbage, Recycling	<u>User fees</u> , Tax Levy
Library	Library operations/maintenance	<u>Tax Levy</u>
Tax Incremental Districts	Street and utility infrastructure as well as development grants/assistance	<u>TID-generated tax increment</u> (from property value increment)
<u>Enterprise Funds</u>		
Water Utility	Utility operations	<u>User fees</u>
Sewer Utility	Utility operations	<u>User fees</u>
Storm Utility	Utility operations	<u>Tax Levy</u>

General Fund Revenue Summary

	2017 Budget	2018 Budget	%	\$ Change	% Change
Taxes—General	\$ 17,999,639	\$ 18,493,000	68%	\$ 493,361	2.7%
Intergovernmental	2,659,770	3,176,100	12%	516,330	19.4%
Public Charges	1,412,199	1,498,200	5%	86,001	6.1%
Water Utility taxes	1,370,000	1,400,000	5%	30,000	2.2%
Licenses/Permits	1,078,600	1,034,300	4%	(44,300)	(4.1%)
Fines/Penalties	622,700	573,000	2%	(49,700)	(8.0%)
Other	945,112	1,220,600	4%	275,488	29.1%
	<u>\$ 26,088,020</u>	<u>\$ 27,395,200</u>		<u>\$ 1,307,180</u>	<u>5.0%</u>

General Fund Expenditures by Function

	2017 Budget	2018 Budget	%	\$ Change	% Change
Public Safety	\$ 14,883,247	\$ 15,719,300	56%	\$ 836,053	5.6%
Public Works	4,158,745	4,360,400	16%	201,655	4.8%
General Gov.	4,130,529	4,290,800	16%	160,271	3.9%
Development	1,241,049	1,282,900	5%	41,851	3.4%
Recreation	938,950	984,800	4%	45,850	4.9%
Transfers out	735,500	757,000	3%	21,500	2.9%
	<u>\$ 26,088,020</u>	<u>\$ 27,395,200</u>		<u>\$ 1,307,180</u>	<u>5.0%</u>

General Fund Expenditures by Classification

	2017 Budget	2018 Budget	%	\$ Change	% Change
Personnel	\$ 16,589,661	\$ 17,535,000	63%	\$ 945,339	5.7%
Other operating	5,605,008	5,630,000	21%	24,992	0.4%
Contracts	1,767,481	1,840,200	7%	72,719	4.1%
Capital	1,390,370	1,633,000	6%	242,630	17.5%
Transfer out	735,500	757,000	3%	21,500	2.9%
	<u>\$ 26,088,020</u>	<u>\$ 27,395,200</u>		<u>\$ 1,307,180</u>	<u>5.0%</u>

NEW for 2018



- Addition of 6 full-time Fire/EMS employees
 - ▣ Decrease in part-time Fire/EMS employees

- Addition of 3 full-time Police Officers
 - ▣ Federal C.O.P.S. Grant

- New Health Insurance Plan – 3% increase

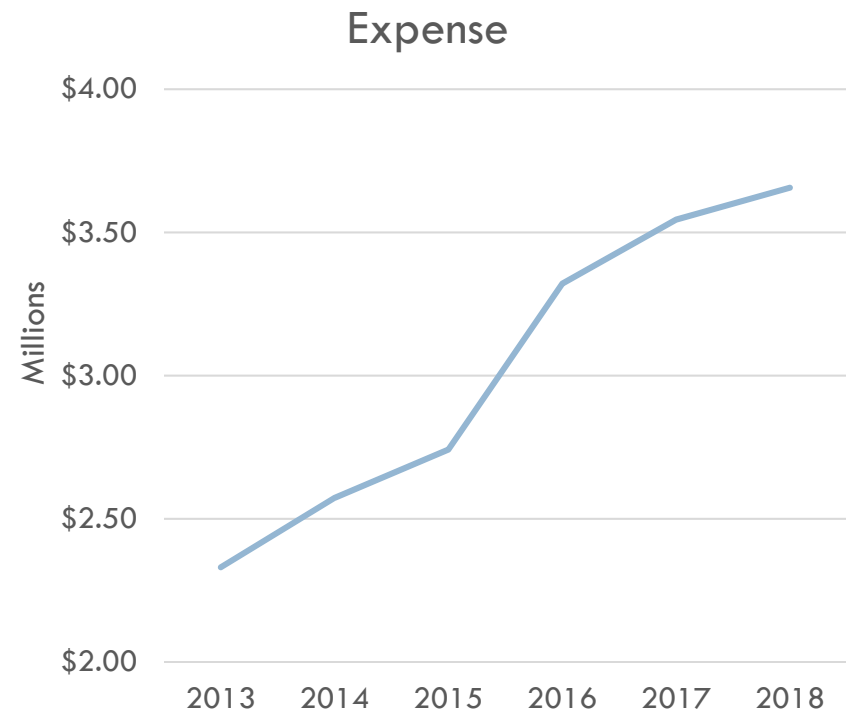
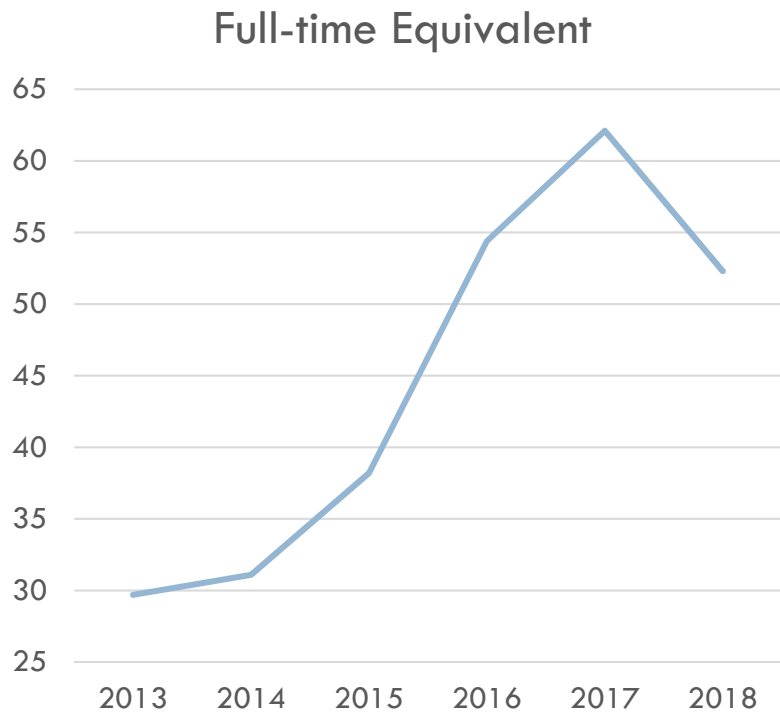
Personnel Full-Time Equivalents

2015	2016	2017		2018	2018	2018	
Budget	Budget	Budget		Part-time	Full-time	Budget	Change
26.4	25.1	25.1	General Government	3.1	22.0	25.1	-
11.5	10.5	-	Emergency Dispatch	-	-	-	-
71.3	71.3	78.3	Police	6.3	75.0	81.3	3.0
38.2	54.4	62.1	Fire/EMS	30.3	22.0	52.3	(9.8)
19.7	20.2	20.1	Public Works	0.4	20.0	20.4	0.3
5.4	5.4	5.4	Culture and Recreation	1.6	4.0	5.6	0.2
16.1	16.1	16.1	Development	0.6	16.0	16.6	0.5
188.6	203.0	207.1	Total General Fund	42.3	159.0	201.3	(5.8)
20.1	20.1	20.0	Library	8.0	12.0	20.0	-
14.9	14.9	14.0	Water Utility *	-	14.0	14.0	-
4.4	4.4	4.4	Sewer Utility *	0.4	4.0	4.4	-
39.4	39.4	38.4	Total Other Funds	8.4	30.0	38.4	-
228.0	242.4	245.5	Total Full-Time Equivalents	50.7	189.0	239.7	(5.8)

Note: Positions paid with a stipend (such as trustees and election workers) are not included above.

** Employees with duties split between the Water and Sewer Utilities are counted in the Water Utility.*

Fire & EMS Personnel History



Municipal Facilities & Equipment Fund

- Funding for major municipal facility infrastructure, such as:
 - ▣ New DPW Facility
- Internal loans for equipment purchases, such as:
 - ▣ Fire Rescue Engine - \$760,000
 - ▣ Ambulance - \$250,000
 - ▣ Plow Truck - \$190,000
- Major source of revenues
 - ▣ Tipping Fees – approximately \$3 million per year
- Significant projected cash reserves in future years
 - ▣ Future internal infrastructure loan program
 - Interest savings

Solid Waste Collection Fund

	2017 Budget	2018 Budget	\$ Change	% Change
<u>Revenues</u>				
Fees	\$ 1,242,000	\$ 1,244,000	\$ 2,000	0.2%
State aids	75,000	80,000	5,000	6.7%
Other	2,000	50,000	48,000	*
	<u>1,319,000</u>	<u>1,374,000</u>	<u>55,000</u>	<u>4.2%</u>
<u>Expenses</u>				
Garbage	1,433,000	1,488,800	55,800	3.9%
Recycling	526,500	547,200	20,700	3.9%
	<u>1,959,500</u>	<u>2,036,000</u>	<u>76,500</u>	<u>3.9%</u>
Net loss	<u>\$ (640,500)</u>	<u>\$ (662,000)</u>	<u>\$ (21,500)</u>	<u>3.4%</u>
<u>Transfers-in</u>				
General Fund	<u>\$ 640,500</u>	<u>\$ 662,000</u>	<u>\$ 21,500</u>	<u>3.4%</u>

Library Operations & Maintenance

	2017 Budget	2018 Budget	\$ Change	% Change
Revenues				
Property taxes	\$ 1,704,878	\$ 1,732,000	\$ 27,122	1.6%
Other revenues	102,913	107,181	4,268	4.1%
	<u>1,807,791</u>	<u>1,839,181</u>	31,390	1.7%
Expenses				
Operations	1,520,086	1,552,281	32,195	2.1%
Maintenance	287,705	286,900	(805)	(0.3%)
	<u>1,807,791</u>	<u>1,839,181</u>	\$ 31,390	1.7%

Water Utility

	2017 Budget	2018 Budget	\$ Change
Operating revenues	\$ 6,821,500	\$ 7,079,900	\$ 258,400
Operating expenses	(6,723,349)	(6,986,715)	(263,366)
Operating income (loss)	98,151	93,185	(4,966)
Other income (expense)	398,233	531,500	133,267
Net income (loss)	496,384	624,685	128,301
Add back depreciation	1,670,000	1,680,000	10,000
Approx. cash income (loss)	\$ 2,166,384	\$ 2,304,685	\$ 138,301

- Water Utility rates are controlled by the WI Public Service Commission (PSC).
- Current rates appear to give the utility reasonable financial results.

Sanitary Sewer Utility

	2017	2018	\$
	Budget	Budget	Change
Operating revenues	\$ 7,814,200	\$ 8,560,000	\$ 745,800
Operating expenses	(10,768,395)	(10,852,650)	(84,255)
Operating income (loss)	(2,954,195)	(2,292,650)	661,545
Other income (expense)	618,986	634,950	15,964
Net income (loss)	(2,335,209)	(1,657,700)	677,509
Add back depreciation	1,400,000	1,410,000	10,000
Approx. cash income (loss)	\$ (935,209)	\$ (247,700)	\$ 687,509

- MMSD capital charges are essentially inelastic relative to sewer consumption.
 - Conservation has outpaced increases in consumption from new growth.

Sanitary Sewer Rate Increase



- Proposed 6% rate increase effective 2018
 - ▣ Quarterly Rate per 1,000 gallons - Increase
 - \$5.76 to \$6.60
 - ▣ Quarterly Connection Charge – Decrease
 - \$69.45 to \$66.76

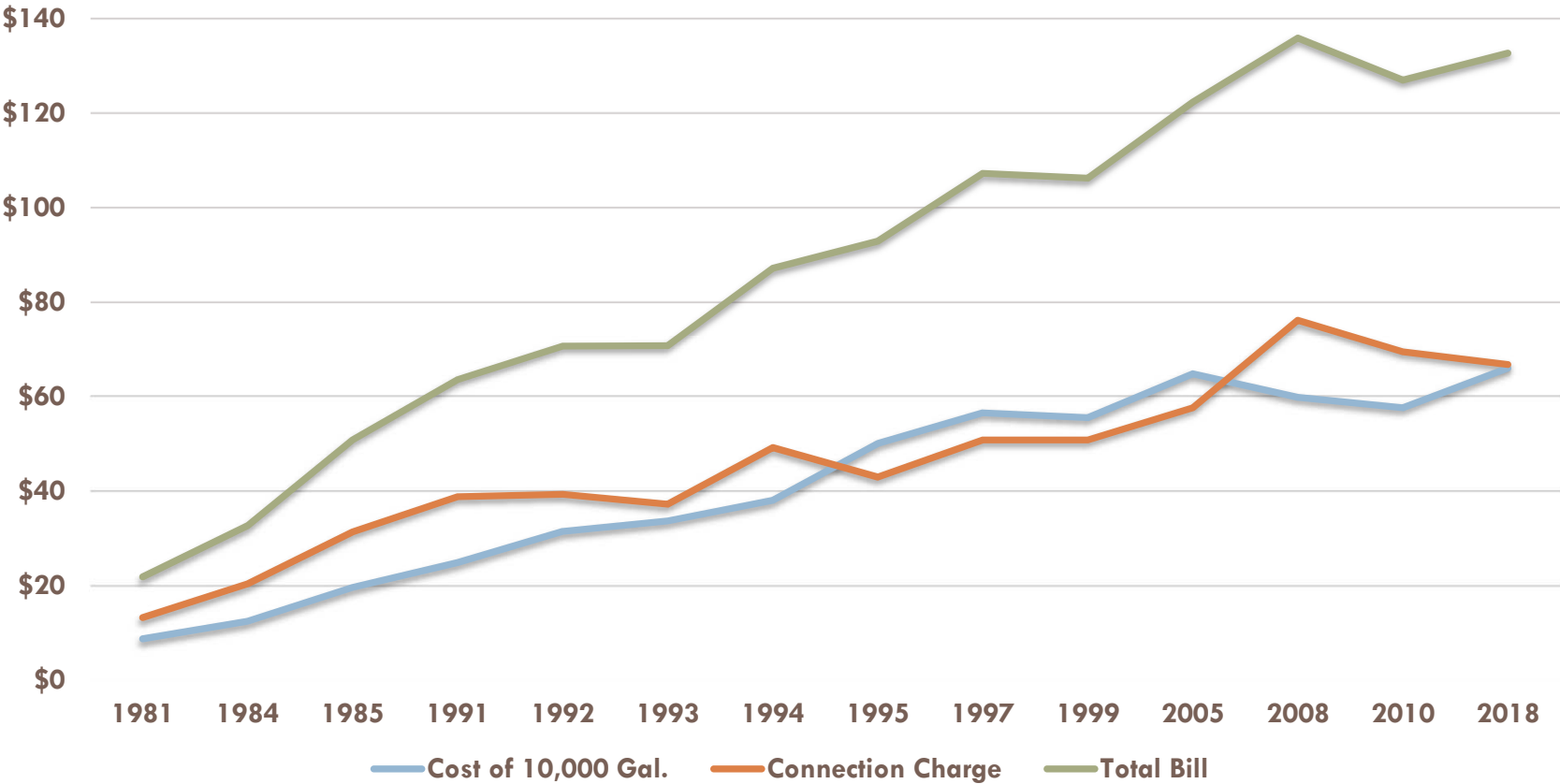
- Impact on average resident's quarterly bill
 - ▣ Increase of \$5.71

- Additional future rate increases
 - ▣ Reserve capacity for annual capital MMSD payment

Sanitary Sewer Quarterly Bill History



Average Customer – 10,000 Gallons Usage



Storm Water Utility

	2017	2018	\$
	Budget	Budget	Change
Operating revenues	\$ 962,750	\$ 975,500	\$ 12,750
Operating expenses	(1,366,760)	(1,408,840)	(42,080)
Operating income (loss)	(404,010)	(433,340)	(29,330)
Other income (expense)	(95,244)	(93,400)	1,844
Net income (loss)	(499,254)	(526,740)	(27,486)
Add back depreciation	660,000	665,000	5,000
Approx. cash income (loss)	\$ 160,746	\$ 138,260	\$ (22,486)

- The Storm Utility was created with the intention of charging user fees like the other utility enterprise funds; however, this never happened, and now current state law makes it very difficult to switch to a user fee basis.
 - The Storm Utility is currently funded by tax levy.
- Stricter and costlier DNR water quality standards put pressure on us to increase the tax levy.
- 2018 policy discussion necessary on this issue; possible use of Public Fire Protection fee as alternative funding.

Long-Term Debt Outstanding (in millions)

<u>Revenue Source</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
Tax Increment	\$ 58.0	\$ 54.6	54%	\$ (3.4)	(5.9%)
Tax levy	17.3	16.8	17%	(0.5)	(2.9%)
Tipping Fees	10.8	20.7	20%	9.9	91.7%
Utility Service Charges	8.4	8.8	9%	0.4	4.8%
Special Assessments	0.4	0.3	0%	(0.1)	(25.0%)
	<u><u>\$ 94.9</u></u>	<u><u>\$ 101.2</u></u>		<u><u>\$ 6.3</u></u>	<u><u>6.6%</u></u>

The Village is well within its legal G.O. debt limit of \$248 million

SUMMARY

- Village General Operating budget increased 5.0%
 - Includes increase in Police personnel
 - Creates more full-time Fire positions
- Village tax levy increase of 2.4%
- Estimated Tax Rate increased to \$5.23 per \$1,000 assessed value (an increase from \$5.17 in the prior year)
 - \$15 tax bill increase on average home assessed at \$250k
- Solid Waste charge for refuse collection and recycling special charge on the tax bill - \$100.12 (No increase on 2017 tax bill)